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TWO MORE PLEAD GUILTY IN MORTGAGE FRAUD SCHEME

COLUMBUS – Two more Columbus-area people indicted as part of a mortgage fraud scheme that secured more than \$7 million in mortgage loans pleaded guilty in United States District Court here today.

Aryeh Schottenstein, age 34, of Columbus, pleaded guilty to one count of conspiracy to commit wire fraud and one count of money laundering, and Shawn A. Griffin, age 38, also of Columbus, pleaded guilty to two counts of conspiracy to commit wire fraud and one count of money laundering.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, announced the pleas entered today before United States District Judge Algenon L. Marbley.

Schottenstein and Griffin were indicted along with Donald F. Green, Jeffrey Lieberman and George “Terry” Jordan for a mortgage fraud scheme in central Ohio in 2003 and 2004.

According to statements of facts filed with Schottenstein’s and Griffin’s pleas, Schottenstein and Lieberman owned a company called Parkview Bank. One of Parkview’s business purposes was to locate financing for real estate investors seeking to buy and renovate houses in Columbus. Parkview needed a source for the financing for this venture. In 2003, Schottenstein and Lieberman met with the managing partners for Stillwater Asset Backed Fund to convince them to provide the funding. They were successful. Parkview and Stillwater entered into an agreement whereby Stillwater would provide the funding for Parkview’s deals.

Rather than abide by the agreement and locate legitimate investors, Schottenstein used Griffin to recruit straw-buyers to pose as real estate investors. Using straw-buyers was quicker and easier than locating legitimate real estate investors thereby making it easier to generate more loan origination fees. The straw-buyers were told by Griffin they did not need to renovate the houses or make monthly interest payments. Griffin assured them he would take care of all the details.

Griffin also recruited straw buyers in 2002 and 2003 for Jeff Pearson, now deceased. Pearson bought dozens of low-income distressed houses in Columbus for amounts at or near their fair market value. The houses were in need of renovation. Very little if any renovation was done to the houses. The houses were sold to Griffin’s straw-buyers for two to three times the amounts Pearson had paid only a few weeks or months earlier. Despite having good credit, the straw-buyers usually had little income. At the closing on the straw-buyers’ purchases of the houses, the title companies issued large checks payable to Pearson as proceeds from the sales.

Green pleaded guilty on April 11. Lieberman and Jordan pleaded guilty on April 24. All are free pending sentencing. Judge Marbley will set a date for sentencing.

Conspiracy to commit wire fraud is punishable by up to five years in prison and the money laundering charges carry a maximum sentence of ten years in prison.

Lockhart commended the investigation by IRS and FBI agents and Assistant U.S. Attorneys Daniel A. Brown and Deborah Sanders, who are prosecuting the case.

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